



*United States Attorney  
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**U.S. ANNOUNCES GUILTY PLEAS OF FOUR DIAMOND  
DISTRICT DEALERS IN MASSIVE CHECK-KITING SCHEME**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced today the guilty pleas of DAVID KLEIN, PINHAS BEN-ARI, JACOB HAAS, and SAMMY MASLATON, wholesale diamond dealers who operated in Manhattan's Diamond District, on 47<sup>th</sup> Street between 5<sup>th</sup> and 6<sup>th</sup> Avenues. The defendants pleaded guilty to various conspiracy and bank fraud charges stemming from a massive check-kiting scheme in the Diamond District.

On December 15, 2003, an Indictment was filed against KLEIN, BEN-ARI, and another co-defendant, ISAAC DAYAN, alleging that the defendants, along with other co-conspirators including HAAS and MASLATON, exchanged tens of millions of dollars worth of checks purportedly representing legitimate business sales but which were, in reality, mere money transfers. The purposes of

the check exchanges, according to the Indictment, were, among others: (i) to artificially inflate the bank account balances of the conspirators' businesses, thereby permitting the conspirators to withdraw funds to which they were not entitled; and (ii) to artificially inflate the sales figures of the conspirators' businesses, thereby permitting the conspirators to seek, renew and increase lines of credit for the conspirators' businesses.

The Indictment alleges that, for the purpose of disguising the nature of the check exchanges, KLEIN, DAYAN, BEN-ARI, and their co-conspirators created "triangles" or multi-point exchanges, in which each defendant drafted, exchanged and received checks of roughly equivalent value.

As detailed in the October 9, 2003 criminal Complaint filed against KLEIN, BEN-ARI, and DAYAN, from January 2000 through April 2001, KLEIN issued checks to his co-conspirators totaling more than \$53 million, and BEN-ARI issued checks to his co-conspirators totaling more than \$10 million. As detailed in a criminal Complaint filed against HAAS on March 21, 2003, HAAS exchanged checks worth tens of millions of dollars with his co-conspirators.

As alleged in the Indictment, Informations, and Complaints filed in these related cases, the co-conspirators attempted to obtain and did obtain millions of dollars through lines of credits from various banks by using their check-kiting

scheme to fraudulently inflate their businesses' bank account balances and sales figures. For example, the Indictment, Informations, and Complaints detail the following: (i) in May 1998, KLEIN obtained a \$400,000 line of credit from the Merchants Bank of New York, and later increased the line of credit to \$2 million based on his inflated sales figures for his diamond business; (ii) in June 1999, HAAS obtained a \$1,300,000 line of credit with Antwerpse Diamantbank, N.V., and later increased the line to \$3 million based on his inflated sales figures and accounts receivables for his diamond business. HAAS further attempted to obtain an increase in his line of credit to \$5 million in January 2001; (iii) in January 2001, MASLATON attempted to obtain a \$250,000 line of credit from Fleet National Bank based on his inflated sales figures for his diamond business; and (iv) in July 2000, BEN-ARI attempted to increase his line of credit at the Merchants Bank of New York to \$300,000 based on false and fraudulent accounts receivables for his diamond business.

KLEIN, 47, owner of Dajoy Diamonds, Inc., formerly located at 580 Fifth Avenue in the Diamond District, pleaded guilty before United States District Judge HAROLD BAER on June 9, 2004, to one count of conspiracy to commit bank fraud and one count of bank fraud. KLEIN faces a maximum term of five years'

imprisonment on the conspiracy charge and thirty years' imprisonment on the bank fraud charge.

BEN-ARI, 56, an owner of Yardi Diamonds, formerly located at 580 Fifth Avenue in the Diamond District, pleaded guilty on June 10, 2004, also before District Judge BAER, to an Information filed that same date charging him with one count of conspiracy to commit bank fraud.

HAAS, 53, owner of a wholesale diamond business in his own name formerly located at 580 Fifth Avenue in the Diamond District, pleaded guilty on April 29, 2004, before Magistrate Judge GABRIEL GORENSTEIN, to an Information filed that same date charging him with one count of conspiracy to commit bank fraud, two counts of bank fraud, and one count of bribing bank officials. HAAS faces a maximum term of five years' imprisonment on the conspiracy charge, thirty years' imprisonment on each of the two bank fraud charges, and five years' imprisonment on the bribery charge.

MASLATON, owner of A.L.P.S., Inc., a wholesale diamond business in the Diamond District, pleaded guilty on April 15, 2004, before United States District Judge KEVIN P. CASTEL, to an Information filed that same date charging him with one count of conspiracy to commit bank fraud and two counts of bank fraud. MASLATON faces a maximum term of five years' imprisonment on the

conspiracy charge, and thirty years' imprisonment on each of the two bank fraud charges.

DAYAN, 48, owner of Fortune Diamonds Importers, Inc. and Nes Diamond Corp., both located at 15 West 47<sup>th</sup> Street in the Diamond District, is scheduled to proceed to trial beginning on July 6, 2004, before District Judge BAER. DAYAN is presumed innocent unless and until proven guilty.

The charges were the result of an investigation conducted by the New York Field Office of the Federal Bureau of Investigation.

Mr. KELLEY praised the investigative efforts of the FBI and said the investigation is continuing.

Assistant United States Attorneys DANIEL S. RUZUMNA and MARC A. WEINSTEIN are in charge of the prosecution.

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